Meekins, Tanya

From: Argyropoulos, Paul
Sent: Tuesday, June 03, 2014 9:46 AM
To: Michael.McAdams[redacted]
Subject: RE: Pathways

No problem. Safe travels!!!

Paul Argyropoulos
Senior Policy Advisor
US EPA
Office of Transportation and Air Quality
Phone: 202-564-1123
Mobile: 202-577-9354
Email: argyropoulos.paul@epa.gov
Web: www.epa.gov

-----Original Message-----
From: Michael.McAdams@[redacted]
Sent: Tuesday, June 03, 2014 9:32 AM
To: Argyropoulos, Paul
Subject: Re: Pathways

Thanks Paul. This is what I expected was the case. Just to be clear we submitted a pathway request for solazyme which gave options. And the algenol one we know we don't have one for ethanol so we would request a pathway from the algae to ethanol. That one we are running by the company early next week and would then submitt.

I am in europe this week spreading cheer about our industry. Back on friday. Thanks for the guidance. The guys from solazyme are pushing me so I will follow your suggestion and be back in touch when I am back

Appreciate all you do and what you must do to achieve it. Retirement can't be that far away for us all. God bless.

Sent using BlackBerry

----- Original Message -----
From: Argyropoulos, Paul [mailto:Argyropoulos.Paul@epa.gov]
Sent: Tuesday, June 03, 2014 07:08 AM Eastern Standard Time
To: McAdams, Michael J [redacted]
Subject: RE: Pathways

Hi Mike, things are nuts around here but all is well. I hope it is on your end as well.

We can chat by phone later. Bottom line, given our "pause" and the fact that the team wants complete packages for review etc. prior to having meetings, I'd say it is not likely we'll want to meet until after the review is done and the materials are all up to snuff.

ED_000313_0365_00003113

As far as Solayzme, I think it's possible that they consider a meeting to discuss the best potential pathway approach for Solazyme to develop their petition. I'd expect going through Sharyn and framing the request in that way is the best approach.

Hope this helps.

Talk to you later.

Best, Paul

Paul Argyropoulos
Senior Policy Advisor
US EPA
Office of Transportation and Air Quality
Phone: 202-564-1123
Mobile: 202-577-9354
Email: argyropoulos.paul@epa.gov
Web: www.epa.gov

-----Original Message-----
From: Michael.McAdams@(b) (6) [redacted]
Sent: Tuesday, June 03, 2014 6:50 AM
To: Argyropoulos, Paul
Subject: Pathways

Paul. Hope you are well.

Question? Tom and I are working with three companies as you know at the present time. In the past we have always sent over the part 80 and pathway request let you review them and brought the clients in to discuss the specifics.

We sent Solazymes over about a month ago. And we sent over the part 80 registration for chemtex/betamax -Italy last week. We are currently planning on submitting algenol early next week.

Are you all still taking meeting with pending petions to discuss? I know the Solazme folks are prepared and Tom particularly has helped with the calculations. As for chemtex donz't know that we need them but trying to get a fix on likley timimg. And lastly thinking solazyme probably need to discuss various options around best pathway approach although we are assuming it will require spearate new pathway for ethanol component.

Thanks for your guidance.

Sent using BlackBerry

3113

NOTE: This e-mail is from a law firm, Holland & Knight LLP ("H&K"), and is intended solely for the use of the individual(s) to whom it is addressed. If you believe you received this e-mail in error, please notify the sender immediately, delete the e-mail from your computer and do not copy or disclose it to anyone else. If you are not an existing client of H&K, do not construe anything in this e-mail to make you a client unless it contains a specific statement to that effect and do not disclose anything to H&K in reply that you expect it to hold in confidence. If you properly received this e-mail as a client, co-counsel or retained expert of H&K, you should maintain its contents in confidence in order to preserve the attorney-client or work product privilege that may be available to protect confidentiality.

3113

Meekins, Tanya

From: Argyropoulos, Paul
Sent: Tuesday, June 03, 2014 7:09 AM
To: Michael.McAdams@(b) (6) [redacted]
Subject: RE: Pathways

Hi Mike, things are nuts around here but all is well. I hope it is on your end as well.

We can chat by phone later. Bottom line, given our "pause" and the fact that the team wants complete packages for review etc. prior to having meetings, I'd say it is not likely we'll want to meet until after the review is done and the materials are all up to snuff.

As far as Solayzme, I think it's possible that they consider a meeting to discuss the best potential pathway approach for Solazyme to develop their petition. I'd expect going through Sharyn and framing the request in that way is the best approach.

Hope this helps.

Talk to you later.

Best, Paul

Paul Argyropoulos
Senior Policy Advisor
US EPA
Office of Transportation and Air Quality
Phone: 202-564-1123
Mobile: 202-577-9354
Email: argyropoulos.paul@epa.gov
Web: www.epa.gov

-----Original Message-----
From: Michael.McAdams@(b) (6) [redacted]
Sent: Tuesday, June 03, 2014 6:50 AM
To: Argyropoulos, Paul
Subject: Pathways

Paul. Hope you are well.

Question? Tom and I are working with three companies as you know at the present time. In the past we have always sent over the part 80 and pathway request let you review them and brought the clients in to discuss the specifics.

We sent Solazymes over about a month ago. And we sent over the part 80 registration for chemtex/betamax -Italy last week. We are currently planning on submitting algenol early next week.

Are you all still taking meeting with pending petions to discuss? I know the Solazme folks are prepared and Tom particularly has helped with the calculations. As for chemtex donz't know that we need them but trying to get a fix on likley timimg. And lastly thinking solazyme probably need to discuss various options around best pathway approach although we are assuming it will require spearate new pathway for ethanol component.

Thanks for your guidance.

Sent using BlackBerry

To: Argyropoulos, Paul[Argyropoulos.Paul@epa.gov]
From: Brent Erickson
Sent: Wed 4/10/2013 7:05:50 PM
Subject: Rebuttals
Eye on the EPA.PDF
RINs Talking Points 4.10.13.pdf ex.5
FA RIN factsheet 4.10.13.pdf

Brent E

Renewable Fuels Standard

And the problems that come with it...specifically gas prices

The Renewable Fuels Standard (RFS) mandates the minimum volumes of biofuels that must be blended into our nation's transportation fuel supply, and it does so on strict timetables. The RFS calls for annually-increasing amounts of advanced biofuels, biomass-based diesel, cellulosic ethanol, and conventional ethanol be blended by 2022, and the associated costs, namely higher prices at the pump, inevitably will be passed on to consumers.

Environment and Public Works Committee Republicans have pressed for answers and economic analysis of the RFS from Gina McCarthy, President Obama's nominee to lead the U.S. Environmental Protection Agency (EPA). McCarthy is currently the EPA Assistant Administrator for the Office of Air and Radiation.

Tier III Limits & Rising Gas Prices

In late March, EPA proposed new emissions limits for passenger cars and trucks and lower limits on the sulfur content of gasoline. The proposed standard will likely **raise the cost of gasoline** for consumers up to 9 cents per gallon, and, when combined with additional fuel regulations, fuel costs could increase even more.

Deadlines & Renewable Identification Numbers (RINs)

In order for manufacturers and refiners to meet RFS volumetric requirements, the industry's obligated parties must produce and/or purchase RINs, which are assigned to each gallon of renewable fuel and can be traded, used for compliance, or rolled over to the following year.

As renewable mandates increase each year and demand for transportation fuel decreases, refiners are forced to blend more biofuels into a gasoline and diesel pool that is further reduced by companies trying to minimize their RFS compliance obligation. As companies are forced to spend more money on purchasing RINs, **that extra cost will be passed to consumers**.

Rampant Fraud

EPA's website lists the companies that sell RINs. However, there is no finalized system in place that verifies whether these companies actually produce the gallons of fuels that the RINs are associated with.

This has led to producers relying on fraudulent RINs purchased from fake companies – that had been listed on the EPA website. When the companies were exposed as frauds, EPA held the producers responsible for purchasing illegitimate RINs, fined them for not being in compliance, and required them to purchase more RINs, **costing the companies millions of dollars**.

"Blend Wall" Challenges

Due to infrastructure constraints, low consumer demand, and the majority of engines not designed or warranted to operate using fuel with more than 10 percent ethanol (E10), a "blend wall" is in the process of being hit. EPA issued a waiver in 2012 to allow the introduction of 15 percent ethanol (E15), which is not approved for use in all engines therefore creating a situation ripe for "misfueling" and the voiding of manufacturers warranties. The inflated volumes of ethanol required to be blended and the volume of gasoline demand do not correspond. Market prices for ethanol RINs have skyrocketed at least in part due to the imbalance caused by the approaching "blend wall." Increased uncertainty in the RIN market, including unrealistic RFS mandates, recent fraud in the biodiesel RIN market, and decreased gasoline demand continues to drive up prices. **The volatility in this mandate-created market is passed along to consumers in the form of higher gasoline prices**.

RINs 101

The truth about Renewable Identification Numbers

The Renewable Fuel Standard (RFS)

The RFS - created in 2005 and updated in 2007 – promotes the development and use of clean, affordable renewable fuel by requiring oil companies to blend it into the gasoline supply. And the policy is working: renewable fuel now makes up 10% of the nation's fuel supply. Increasing America's renewable fuel use has kept gas prices lower by $1.09 per gallon, slashed U.S. spending on oil imports by $44 billion dollars last year alone and supported 87,000 jobs in 2012.

Renewable Identification Numbers (RINs)

Key to realizing those benefits is the flexibility of the RFS itself. The program has a number of measures that allow both the Environmental Protection Agency, which runs the RFS program, and the companies complying with the regulation to adjust and meet blending targets under changing circumstances.

RIN credits are one way that the RFS offers flexibility to companies as they work to meet the standard.

How do RINs work?

- **RINs are free** credits that refiners receive when they buy a gallon of renewable fuel, and companies turn over RINs at the end of the year to EPA to prove they have met the RFS target.
- After purchasing ethanol, **refiners can separate the RIN from the gallon and sell it on the open market**.
- Companies that have bought and blended more renewable fuel than is required will have **extra RINs to sell to other refiners.**
- A portion of those **credits can be "banked," or carried over into a new year**, further increasing the available supply of RINs.
- This means that **oil companies can choose how they want to comply with the RFS**: either by buying a gallon of renewable fuel or by purchasing a RIN on the open market, as long as they have enough RINs (remember, each is equal to one barrel of fuel) to hand over to EPA at the end of the year.

Today's RIN Market

The RFS target for this year is 13.8 billion gallons of renewable fuel, and as in previous years, it's expected that companies (oil refiners and gasoline blenders) will use mostly ethanol to comply. The renewable fuel industry estimates that there will be 12.5 billion gallons of ethanol available for compliance with the RFS; the remaining 1.3 gallons will need to be met with excess RINs. Estimates also show that between 2.3 and 2.5 billion RINs are available for companies to purchase – there is plenty to go around.

What's more, the **average RIN price for the first two-and-a-half months of 2013 was just 32¢.** More recent price increases have attracted attention, but need to be looked at in context: the market for RINs is small and made up of largely oil companies trading to one another. There is little transparency, so the public doesn't know why the prices are going higher and if those increases are actually related to supply and demand dynamics.

With RINs holding under $1 each, and ethanol continuing to sell at a considerable discount to gasoline (as much as $0.60 less on average last year), there are lower-cost and flexible ways for companies to meet the RFS.